

CHAPMAN AND CUTLER

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February 26, 1998

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RECEIVED  
SURFACE TRANSPORTATION  
BOARD  
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Mr. Vernon A. Williams, Secretary  
Surface Transportation Board  
1925 K Street, N.W., Room 704  
Washington, D.C. 20423-0001

Re: Union Pacific Railroad Company  
Leveraged Lease Locomotive Financing  
UPRR 1998-B

Dear Mr. Williams:

I am enclosing for recording pursuant to Section 11301 of Title 49 of the United States Code, two copies of each of the primary documents and the secondary documents described below. As one of the attorneys representing the Lessee in this transaction, I have knowledge of the matters described in this letter.

The primary documents are as follows:

- (1) Memorandum of Lease Agreement (UPRR 1998-B), dated February 27, 1998, between SCL Union Co., Ltd., as lessor (the "Lessor"), and Union Pacific Railroad Company, as lessee (the "Lessee"); and
- (2) Memorandum of Mortgage and Security Agreement (UPRR 1998-B), dated February 27, 1998, between the Lessor, as borrower (the "Borrower"), and Harris Trust and Savings Bank, as security trustee (the "Security Trustee").

The secondary documents are as follows:

- (1) Memorandum of Lease Supplement No. 1 (UPRR 1998-B), dated February 27, 1998, between the Lessee and the Lessor;
- (2) Memorandum of Mortgage Supplement No. 1 (UPRR 1998-B), dated February 27, 1998, between the Lessor, as Borrower, and the Security Trustee; and
- (3) Memorandum of Dollar Account Pledge Agreement (UPRR 1998-B), dated February 27, 1998, between Kreditanstalt für Wiederaufbau ("KfW"), as agent (the "Agent"), and the Lessor, as Borrower.

The primary documents to which Memorandum of Lease Supplement No. 1 (UPRR 1998-B) and Memorandum of Mortgage Supplement No. 1 (UPRR 1998-B) are connected are the Memorandum of Lease Agreement (UPRR 1998-B) and the Memorandum of Mortgage and Security Agreement (UPRR 1998-B), respectively, referred to above, which are being submitted for recording concurrently therewith.

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The names and addresses of the parties to the enclosed documents are as follows:

MEMORANDUM OF LEASE AGREEMENT

Lessee: Union Pacific Railroad Company  
1717 Main Street, Suite 5900  
Dallas, Texas 75201-4605

Lessor: SCL Union Co., Ltd.  
7-1, Nakase 1-chome  
Mihama-ku, Chiba-shi  
Chiba, 261 Japan  
Attention: Representative Director

MEMORANDUM OF MORTGAGE AND SECURITY AGREEMENT

Borrower: SCL Union Co., Ltd.  
7-1, Nakase 1-chome  
Mihama-ku, Chiba-shi  
Chiba, 261 Japan  
Attention: Representative Director

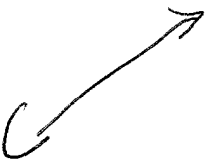
Security Trustee: Harris Trust and Savings Bank,  
as Security Trustee  
311 West Monroe Street  
Chicago, Illinois 60690

MEMORANDUM OF LEASE SUPPLEMENT NO. 1

Lessee: Union Pacific Railroad Company  
1717 Main Street, Suite 5900  
Dallas, Texas 75201-4605

Lessor: SCL Union Co., Ltd.  
7-1, Nakase 1-chome  
Mihama-ku, Chiba-shi  
Chiba, 261 Japan  
Attention: Representative Director

MEMORANDUM OF MORTGAGE SUPPLEMENT NO. 1



Borrower: SCL Union Co., Ltd.  
7-1, Nakase 1-chome  
Mihama-ku, Chiba-shi  
Chiba, 261 Japan  
Attention: Representative Director

Security Trustee: Harris Trust and Savings Bank,  
as Security Trustee  
311 West Monroe Street  
Chicago, Illinois 60690

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MEMORANDUM OF DOLLAR ACCOUNT PLEDGE AGREEMENT

Borrower: SCL Union Co., Ltd.  
7-1, Nakase 1-chome  
Mihama-ku, Chiba-shi  
Chiba, 261 Japan  
Attention: Representative Director

Agent: Kreditanstalt für Wiederaufbau  
Palmengartenstrasse 5-9  
60325 Frankfurt am Main, Germany

The description of the equipment covered as of the date hereof by the aforesaid Memorandum of Lease Agreement, Memorandum of Mortgage and Security Agreement, Memorandum of Lease Supplement No. 1, Memorandum of Mortgage Supplement No. 1 and the Memorandum of Dollar Account Pledge Agreement is as set forth on Exhibit A hereto.

A fee of one hundred twenty dollars (\$120.00) is enclosed. Please time and date stamp the enclosed copies of each of the enclosed documents along with the extra copy of this letter as proof of filing and recordation of the enclosed documents and return the original and any extra copies of such documents and this letter not needed by the Board for recordation to:

Karl T. Williams, Esq.  
Chapman and Cutler  
111 West Monroe  
Chicago, Illinois 60603

A short summary of each of the documents to appear in the index follows:

(1) MEMORANDUM OF LEASE AGREEMENT:

Memorandum of Lease Agreement (UPRR 1998-B) between SCL Union Co., Ltd., as Lessor, 7-1, Nakase 1-chome, Mihama-ku, Chiba-shi, Chiba, 261 Japan Attention: Representative Director, and Union Pacific Railroad Company, as Lessee, 1717 Main Street, Suite 5900, Dallas, Texas 75201-4605, dated February 27, 1998, covering diesel electric locomotives bearing the road numbers listed in the Schedule thereto.

(2) MEMORANDUM OF MORTGAGE AND SECURITY AGREEMENT:

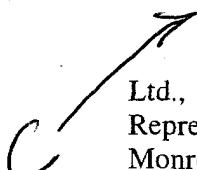
Memorandum of Mortgage and Security Agreement (UPRR 1998-B) between SCL Union Co., Ltd., as Borrower, 7-1, Nakase 1-chome, Mihama-ku, Chiba-shi, Chiba, 261 Japan Attention: Representative Director, and Harris Trust and Savings Bank, as Security Trustee, 311 West Monroe Street, Chicago, Illinois 60690, dated February 27, 1998, covering the obligations of the Borrower and the Lessee relating to diesel electric locomotives bearing the road numbers listed in the Schedule thereto.

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(3) MEMORANDUM OF LEASE SUPPLEMENT NO. 1:

Memorandum of Lease Supplement No. 1 (UPRR 1998-B) between SCL Union Co., Ltd., as Lessor, 7-1, Nakase 1-chome, Mihama-ku, Chiba-shi, Chiba, 261 Japan Attention: Representative Director, and Union Pacific Railroad Company, as Lessee, 1717 Main Street, Suite 5900, Dallas, Texas 75201-4605, dated February 27, 1998, covering diesel electric locomotives bearing the road numbers listed in the Schedule thereto. Memorandum of Lease Supplement No. 1 is related to the Memorandum of Lease Agreement between the Lessor and the Lessee, dated February 27, 1998, which is filed concurrently herewith.

(4) MEMORANDUM OF MORTGAGE SUPPLEMENT NO. 1:

 Memorandum of Mortgage Supplement No. 1 (UPRR 1998-B) between SCL Union Co., Ltd., as Borrower, 7-1, Nakase 1-chome, Mihama-ku, Chiba-shi, Chiba, 261 Japan Attention: Representative Director, and Harris Trust and Savings Bank, as Security Trustee, 311 West Monroe Street, Chicago, Illinois 60690, dated February 27, 1998, covering the obligations of the Borrower and the Lessee relating to diesel electric locomotives bearing road numbers listed in the Schedule thereto. The Memorandum of Mortgage Supplement No. 1 is related to the Memorandum of Mortgage and Security Agreement between the Borrower and the Security Trustee, dated February 27, 1998, which is filed concurrently herewith.

(5) MEMORANDUM OF DOLLAR ACCOUNT PLEDGE AGREEMENT:

Memorandum of Dollar Account Pledge Agreement (UPRR 1998-B) between Kreditanstalt für Wiederaufbau, as Agent, Palmengartenstrasse 5-9, 60325 Frankfurt am Main, Germany, and SCL Union Co., Ltd., as Borrower, 7-1, Nakase 1-chome, Mihama-ku, Chiba-shi, Chiba, 261 Japan Attention: Representative Director, dated February 27, 1998, relating to the grant by the Borrower to the Agent of a security interest in the Borrower's right, title and interest in and to the Dollar Account described in the Dollar Account Pledge Agreement, dated February 12, 1998, between the Agent and the Borrower.

If you have any questions or need further information, please do not hesitate to contact the undersigned (312-845-3892).

Sincerely,

CHAPMAN AND CUTLER

By Karl Williams / kwt  
Karl T. Williams

KTW/wp  
Enclosures

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EXHIBIT A

UNITS

EQUIPMENT	QUANTITY	ROAD NUMBERS
General Motors Corporation (Electro-Motive Division) Model SD9043MAC Diesel Electric Locomotives	20	8184 8191 8193 8195 8202 8203 8205 through 8208, inclusive, 8210 through 8212, inclusive, 8214 8215 8218 8220 8221 8224 and 8226

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**MEMORANDUM OF MORTGAGE SUPPLEMENT NO. 1  
(UPRR 1998-B)**

Memorandum of Mortgage Supplement No. 1, made and entered into on February <sup>27</sup>~~26~~, 1998 by and between Harris Trust and Savings Bank, an Illinois banking corporation, as security trustee ("*Security Trustee*"), and SCL Union Co., Ltd., a Japanese corporation ("*Borrower*").

**WITNESSETH:**

1. The undersigned have entered into that certain Mortgage and Security Agreement (UPRR 1998-B) (the "*Mortgage*"), dated February 12, 1998, by which the Borrower has granted a security interest to the Security Trustee in order to secure the Borrower's performance of certain obligations as described in the Loan Agreement (UPRR 1998-B), dated February 12, 1998, between the Borrower and Kreditanstalt für Wiederaufbau, and in the Mortgage.

2. A memorandum of said Mortgage is being recorded with the Surface Transportation Board concurrently herewith pursuant to Section 11301 of Title 49 of the United States Code.

3. The undersigned have entered into that certain Mortgage Supplement No. 1 (UPRR 1998-B), dated February 26, 1998, relating to the above-described Mortgage and extending the Borrower's grant of a security interest therein to locomotives bearing road numbers as listed on Exhibit A attached hereto.

IN WITNESS WHEREOF, the parties hereto have each caused this memorandum to be duly executed by their respective officers duly authorized as of the date and year first above written.

HARRIS TRUST AND SAVINGS BANK

By 

Name: KEVIN O. HEALEY

Title: SENIOR VICE PRESIDENT

Executed on this 13<sup>th</sup> day of February, 1998.

SCL UNION CO., LTD.

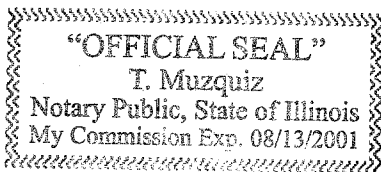
By Kathryn A. Kapusta  
Name: Kathryn A. Kapusta  
Title: Attorney-in-Fact

Executed on this 17<sup>th</sup> day of February, 1998.

STATE OF ILLINOIS )  
 ) SS.:  
COUNTY OF COOK )

On this, the 13<sup>th</sup> day of February, 1998, before me, a Notary Public in and for said County and State, personally appeared KEVIN O. HEALEY, who being by me duly sworn, says that (s)he is the ~~SENIOR~~ VICE PRESIDENT of HARRIS TRUST AND SAVINGS BANK, that said instrument was signed on February 3, 1998 on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the date above mentioned.



T. Muzquiz  
Name: T. MUZQUIZ  
Notary Public  
My Commission Expires: 8-13-2001  
Residing in COOK County, ILLINOIS

STATE OF NEW YORK )  
 ) SS.:  
COUNTY OF \_\_\_\_\_ )

On this, the \_\_\_\_\_ day of February, 1998, before me, a Notary Public in and for said County and State, personally appeared Kathryn A. Kapusta, who being by me duly sworn, says that she is the Attorney-in-Fact of SCL UNION CO., LTD., that said instrument was signed on February \_\_, 1998 on behalf of said corporation by authority of its Board of Directors, and she acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the date above mentioned.

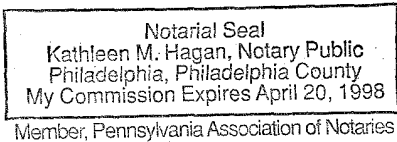
\_\_\_\_\_  
Name:  
Notary Public  
My Commission Expires:  
Residing in \_\_\_\_\_



Pennsylvania  
STATE OF ~~NEW YORK~~ )  
COUNTY OF Philadelphia ) SS.:

On this, the 17<sup>th</sup> day of February, 1998, before me, a Notary Public in and for said County and State, personally appeared Kathryn A. Kapusta, who being by me duly sworn, says that she is the Attorney-in-Fact of SCL UNION CO., LTD., that said instrument was signed on February 17, 1998 on behalf of said corporation by authority of its Board of Directors, and she acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the date above mentioned.



Kathleen M. Hagan  
Name:  
Notary Public  
My Commission Expires: 4/20/98  
Residing in Philadelphia

## EXHIBIT A

### UNITS

EQUIPMENT	QUANTITY	ROAD NUMBERS
General Motors Corporation (Electro-Motive Division) Model SD9043MAC Diesel Electric Locomotives	20	8184 8191 8193 8195 8202 8203 8205 through 8208, inclusive, 8210 through 8212, inclusive, 8214 8215 8218 8220 8221 8224 and 8226